



**CITY OF SCOTTSDALE
TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING**

Tuesday, April 17, 2018

**Kiva Forum – City Hall
3939 N. Drinkwater Boulevard
Scottsdale, Arizona 85251
DRAFT MINUTES**

PRESENT: Linda Dillenbeck, Chairperson
Camille Hill, Vice Chair
Frank Ashmore
Carl Grupp
Sherry Henry
Ken McKenzie
David Winter

STAFF: Steve Geiogamah
Karen Churchard
Ana Lia Johnson
Brent Stockwell
Holli Shannon

GUESTS: Rachel Sacco, Experience Scottsdale
Mike Fox, Museum of the West

1. Call to Order/Roll Call

Chair Dillenbeck called the meeting of the Scottsdale Tourism Development Commission to order at 8:02 a.m. and noted the presence of a quorum. She welcomed Sherry Henry to the Commission.

2. Approval of Minutes

- March 20, 2018 Regular Meeting Minutes

Chair Dillenbeck invited comments and revisions on the minutes.

Commissioner Hill made a spelling correction on page 6.

COMMISSIONER MCKENZIE MOVED TO APPROVE THE MINUTES OF THE MARCH 20, 2018 REGULAR AS AMENDED. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

3. FY 2018/19 City Event Support Funding Programs

- a. Matching Event Funding Program
- b. Community Event Funding Program
- c. Event Venue Fee Program
- d. New Event Development
- e. Multi-Year Community Event Funding Program

Steve Geiogamah noted that the five programs were reviewed last month. The Event Working Group met again prior to this meeting for additional review and potential clarification. Staff is seeking program recommendations to take to City Council in May. Program addition include enhancing the review process, including incorporating a survey for most new events. A request for proposal to conduct the survey in the new fiscal year will be issued in June. In addition to some eligibility requirements such as an event minimum duration of six hours there was a clarification regarding the 40-year eligibility for a multiyear community event. The Hashknife Pony Express is one out of 29 events that would be impacted by the duration requirement. They have a three-hour event.

Vice-Chair Hill asked whether the Hashknife event would be considered a multiple day event, as people gather along the event to see them ride by. Mr. Geiogamah said that if it is considered as part of Western Week, one might consider it part of a package of a multi-day event.

Commissioner McKenzie inquired as to the formula used to develop the funding criteria in terms of specific room nights. Mr. Geiogamah said there are two programs that incorporate event nights as part the threshold levels – the Matching Event Advertising Fund Program and the Venue Fee Program. It is calculated using the average daily rate over a 12-month period and dividing by the threshold funding level to determine the room night requirement..

Commissioner Ashmore thanked Mr. Geiogamah for including the Commission in the discussion regarding the ability to revisit the criteria and having the ability to provide feedback.

COMMISSIONER ASHMORE MOVED TO APPROVE THE FY 2018/19 CITY EVENT FUNDING PROGRAMS AS PRESENTED. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

Chair Dillenbeck expressed appreciation of the Experience Scottsdale staff and the City. The process developed to provide more objectivity to the funding requests has worked quite well. Currently three Commissioners have worked on the Event Working Group. The participation has transitioned from Vice-Chair Hill, Chair Dillenbeck and Commissioner Ashmore to Commissioners Henry and Grupp. Commissioner Winter also volunteered to participate.

4. FY 2018/19 Experience Scottsdale Destination Marketing Guide & Performance Measurements

Mr. Geiogamah stated that the Commission could provide a potential recommendation regarding this item to be moved forward to City Council possibly in May or June.

Rachel Sacco, Experience Scottsdale, explained the process of preparation for the destination marketing plan. They build the program of work based on significant research, measuring everything. It is very clear which programs are currently working and which may need to be replaced or revised. She reviewed that each department will keep their core program of work, be it sales missions, advertising and media core schedule, work with influencers and media. She then discussed the proposed changes. Looking at the draft budget for 18/19, the overall revenue increases by less than one percent, at about 0.7 percent. This is primarily because the City has not yet been able to determine the true-up (50 percent of the bed tax per the voter approved Prop 200 goes for marketing). From the dates of July through February, they are over 10 percent above the proforma projections. Any true-up will be put into marketing, increasing the ability to go into target markets and new markets.

In terms of marketing, there will continue to be a focus on baby boomers, who still look at newspapers and magazines. The marketing department will also be heavily investing in video content, including opportunities to sponsor podcasts, placing ads on video streaming services, Facebook and Instagram. They will also focus on doubling down with social influencers from a marketing and communications standpoint. The department will be working on a new summer campaign, "Yes, it's that hot." Marketing efforts will include building Instagram photograph walls in and around Scottsdale.

In terms of convention sales, there is an effort to assist partners in bringing business to Scottsdale during times of greater need, such as fall and summer. Convention sales is instituting a new summer rebate program, which will give planners an opportunity to earn a rebate to their master bill, if their meeting is held between Memorial Day and September 15 with a minimum of 100 rooms on peak nights. Funds will be allocated to build a customer advisory board, including hiring a facilitator.

The biannual year is approaching for Scottsdale to host Travel Classics West, which will be attended by 50 freelance writers and editors. In addition, there are concerted efforts to be seen more as a culinary festival, including a culinary site, the Desert Dish. This year, the Association of Food Journalists will be holding a large convention locally. Scottsdale will host and sponsor the final day. In addition, PR support will be provided for the international air service from Montreal, Canada as well as the new Condor flight from Germany. The Tourism Department will be supporting the new international air service through sales missions, familiarization programs and extending international reach by working with the Arizona Office of Tourism to leverage the Brand USA marketing.

The team is working to target independent travel agents, who may work out of their homes and are some of the biggest high-volume bookers of travel. The focus will be on the high-end affluent visitor.

Commissioner Ashmore commented that putting the lion's share of increases as a percentage to convention and tourism sales is the right thing to do.

Commissioner McKenzie noted that in reviewing the materials, there is a three-year trend for group demand, with a five percent decrease in the trailing 12 months. Ms. Sacco stated that this is one of the reasons for the formation of the Advisory Council. There are always trends in the group business, which is currently in flux. Scottsdale is well positioned as a stable, safe destination. Other destinations may be far more volatile in terms of weather and other conditions. Scottsdale is gaining ground with important groups, such as medical device, pharmaceutical and association businesses.

Vice-Chair Hill commented that Experience Scottsdale is a treasure to Scottsdale. She thanked them for all of their efforts. She inquired as to Scottsdale's biggest challenges for the next couple of years. Ms. Sacco noted that there have been many cycles, dips and rises. The City is on a high point right now, outperforming the Star Report for 2017 and so far in 2018. Some Scottsdale hotels are experiencing their best years on record.

Commissioner Winter expressed support for the customer advisory board and asked where the players would come from. Ms. Sacco acknowledged that they do not yet know where the players will come from, however the team is currently strategizing on this topic. One goal is to interact with customers who are sending groups to Austin, Nashville or other competitor cities. The intent to hire a facilitator reflects the seriousness and intent of this strategy.

COMMISSIONER ASHMORE MOVED TO APPROVE THE FY 2018/19 EXPERIENCE SCOTTSDALE DESTINATION MARKETING GUIDE AND PERFORMANCE MEASURES AS PRESENTED. COMMISSIONER HENRY SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

5. 2017/18 Fiesta Bowl Experience Scottsdale Contract Fulfillment

Ms. Sacco reviewed that in 2006, she met with the then executive director of the Fiesta Bowl and Scottsdale's City Manager to develop a long-term 20-year contract with the Fiesta Bowl. The new stadium that host the game is built on the west side of the Valley, however, the intent is that no matter where the game is played, Scottsdale would continue to be the center of hospitality. 2018 represents the halfway point in the contract. This year's Bowls included the Cactus Bowl, held on December 26th. The PlayStation Fiesta Bowl was played on December 30th. The Fiesta Bowl brought approximately 5,800 room nights into Scottsdale and Paradise Valley with 3,600 of the room nights in Scottsdale just from these groups. During the game, there are opportunities for public announcements and press. The Fiesta Bowl also provides the opportunity to bring event organizers. Last year, five sports events organizers were hosted. The sports market is an untapped market in Scottsdale. Organizers were provided tours and site inspections of Scottsdale's sports facilities, including sports complex, WestWorld and Scottsdale Stadium. Event producers were able to provide real time feedback on the renovations to Scottsdale Stadium.

Due to the strong relationship with the Fiesta Bowl, the marketing team had the opportunity to secure the annual Fiesta Bowl Summit. For 22 years, the Fiesta Bowl has

held its summit at a Phoenix property. This year, the Summit will take place at the Hyatt Regency Gainey Ranch in May. It will generate approximately 1,500 room nights under a six-year agreement. The City is currently receiving an 11 to 1 return on investment in the Fiesta Bowl contract just this year. This does not account for the value received from the promotional or hospitality benefits. Ms. Sacco read a letter of appreciation from Mike Nealy, Executive Director of the Fiesta Bowl, in terms of Scottsdale's contributions to the Fiesta Bowl's success.

Commissioner Henry recalled the time when the City was smart enough to reach out to be engaged with the Fiesta Bowl. She applauds Scottsdale, Experience Scottsdale, staff, City Council, the Mayor and TDC for the support over the years.

6. City Tourism Event Directional Banner Program

Mr. Geiogamah stated that on July 5, 2011, due to a change in state law regarding temporary signs in the public right-of-way, an amendment to the city's zoning ordinance was considered and approved by City Council. As part of the change, staff presented an Event Directional Banner Program to place banners in the public right-of-way for qualified events with the objective of providing traffic mitigation and wayfinding. Subsequently, there have been changes to the code, which has gone to Chapter 22 in the city code. The program criteria is: Meet Tier 1 funding criteria as outlined in the City's Matching Event Advertising Fund program criteria, be a city-supported event under the City's Community Event Funding Program or be held in a city-owned, operated or controlled venue and meet one of these funding criteria. Approximately eight events participate in the program

Chair Dillenbeck noted Mr. Geiogamah's comment that there is not currently hardware to accommodate any expansion of sites. Mr. Geiogamah agreed, noting the purchase would total approximately \$10,000, which has been placed in the budget based on estimate. Chair Dillenbeck said the reason for addressing this issue is identification of ways to promote the Museum of the West and other activities and destinations. While promoting the Museum of the West via this strategy is not permissible, they are able to install additional hardware to promote events such as Barrett-Jackson and the Arabian Horse Show. Mr. Geiogamah noted that in terms of promotion, there is some flexibility in the program for City-based initiatives and City-based notification. Generally, priority is given to large tourism-driven events.

Vice-Chair Hill inquired as to whether the City provides template suggestions for the signage. Mr. Geiogamah said there are some criteria requirements, such as a date and location. The Department reviews a submitted mock-up for approval. Producers are granted some flexibility and are provided insight as to what works best.

In response to a question from Commissioner Grupp, Mr. Geiogamah noted that producers pay for placement. The City staff places the banners but has a recovery for the expenses. The producer also pays for the banner itself. There is potential, based on the Commission's direction, to explore funding assistance for City venues. Chair Dillenbeck said it would make sense to provide some assistance in promoting Scottsdazzle, Western Week or a specific exhibit at the Museum. Mr. Geiogamah noted that Scottsdazzle banners were placed during the holiday season and this can continue.

7. Scottsdazzle and Western Week Event Update

Karen Churchard provided an overview of these two major events. Scottsdazzle was held in November/December of 2017. For Scottsdazzle, they “put all their eggs in one basket,” with a huge promotion with KEZ 99.9 radio station during holiday promotion. This six-week campaign guaranteed 2.4 million impressions and actually provided 5.3 million deliveries throughout the promotion period. Much of the décor and props were upgraded throughout the Downtown area. They also added attractions in Old Town, such as Santa’s Sleigh. Other upgrades and enhancements were reviewed. Thanks to the TDC and City Council, there were also public art installations, including PRISMATICA and Reflection Rising. In addition to décor, the following events were held:

- Tree lighting & sing-along – Held November 25, 2017 (estimated attendance was 3,000), including a 50-piece orchestra.
- Canal Concerts – Held every Saturday in December (200 plus in attendance at each concert).
- Cowboy Christmas – Held on December 9th in Historic Old Town.
- Sugar Plum Avenue – Held on December 16th in the 5th Avenue Shopping District.
- Old Town Farmers Market – Held each weekend in December.
- Culinary Demonstrations – Held each Saturday in December – each paid admission was sold out.
- Santa Wine Around – Held Saturday, December 2nd – all five tasting rooms participated.
- Old Adobe Mission – Events held on December 9th and 15, including Miracle of the Roses Pageant and Life Nativity & Adult Choir performance.
- Gold Palette ArtWalk – Held a Scottsdazzle themed event on December 14.
- Social Media – Added an Instagram page with much more engagement over the six week period.
- PR/Media – There were a 119 total media stories throughout the Valley, through publications, online, radio and television, seven broadcast features of the events.
- Intercept Survey – Worked with WestGroup Research of Phoenix for a total of 310 intercepts at each of the three events: Tree Lighting & Sing-Along, Cowboy Christmas and Sugar Plum Avenue. Results included:
 - 49 percent said Scottsdazzle was the primary reason for being in Scottsdale
 - 53 percent of overnight attendees stayed in Scottsdale, with 38 percent staying in resort/hotel properties
 - 83 percent were very likely or somewhat likely to attend next year’s event
 - 85 percent attended due to the following:
 - Recommendation from a friend/family
 - Social media
 - Online advertising
- Western Week included:
 - Gold Palette ArtWalk
 - Western Theme
 - Live mariachi music
 - Live demonstrations inside galleries

- Line and square dancing
- Walking historical tours by Marshall Shore, Hip Historian
- Hashknife Pony Express
 - 60th Annual Event
 - Pre-event entertainment
 - Food truck area
 - Bleachers
- Parada del Sol Parade
 - Quality of entries greatly increased
 - Attendance much greater than in prior years
- Arizona Indian Festival
 - New event
 - Held Saturday, February 9 and Sunday, February 10
 - Estimated attendance was 7,000 (surpassing attendance at the Heard Museum World Championship Hoop Dance Contest)
- Museum of the West – Free admission on Friday and Saturday
- Social Media
 - Creation of @oldtownscottsdale_az Instagram page to promote Western Week (188 followers)
 - Increase of 925 likes on Old Town Scottsdale Facebook Page during Western Week
- PR Media
 - 119 total media stories in Valley publications, online, radio, television
 - 7 broadcast features of various events, including Fox 10, Channel 3, 12 News and others
- Digital campaign
 - Multichannel marketing efforts
 - Delivered more than 9.5 million impressions
 - 58,470 website clicks
 - 248 percent increase in website sessions to ScottsdaleWesternWeek.com
 - Received an ADDY Award in the Phoenix area for the campaign

Commissioner Ashmore expressed appreciation for the effort to support and build the events year to year. Chair Dillenbeck seconded the comments.

Commissioner Winter inquired as to the political correctness of the event name, Arizona Indian Festival and whether it should be Arizona Native American Festival. Mr. Geiogamah said that the American Indian Tourism Association which was involved in the event, discussed this and felt that it was appropriate to use the event title.

8. Scottsdale's Museum of the West Marketing Program

Mike Fox, Director, Museum of the West, stated that the marketing program is an example of the ongoing work of the Museum to follow the Commission's encouragement and direction to have a successful marketing initiative. The Museum appreciates the Commission's financial support on the marketing of the new Hopi exhibit. Since the

investment, Museum attendance has doubled every month. Currently the Museum is engaging with two firms in the Valley, including Kitchen Sink and 48 West to develop a marketing study and plan to ensure a strong marketing platform.

Components of the marketing plan include:

- Position the Museum as the hub of Old Town Scottsdale
- Create sustainable growth
- Drive accountability
- Enable creation and reuse of marketing assets
- Deliver budget performance and marketing results
- Market research to improve focus group studies
- Forecast future engagement and sales opportunities
- Obtain greater understanding of the segmentation in the marketplace
- Provide a product roadmap
- Produce technology stack recommendations
- Utilize marketing analytics
- Develop content management systems
- Advertising technology
- Conversion technology
- Email marketing platform
- Social media management tools
- Social engine optimization
- Marketing automation
- Analytical tools

The market research will be used to:

- Identify new patrons, donors and audience
- Identify and analyze market need, size and competition
- Identify methods for reaching target audiences
- Competitive strategy
- Programming to meet audience needs and model to drive visitors and donations

Mr. Fox noted that the programming is all privately funded. He requested the Commission's continued support of the Museum's marketing efforts. The Museum is utilizing the \$200,000 previously approved by the Commission over the next 12-month period to continue momentum in positioning the Museum. One of the most respected national museum publications' readership has selected the Museum of the West as the finest museum of the West. USA Today selected the museum as having one of the 11 best museum exhibitions of any museum in the country. This Thursday evening, the Museum building will be recognized by the U.S. Building Council with the Legacy Award for the finest building of its kind (LEED Gold design). The Museum will hold its annual meeting this afternoon, with David Scholefield to serve on its Board of Trustees.

Commissioner Grupp commented on the excellent presentation, noting that the content is very different than what has been seen previously from the Museum. The effort is appreciated in terms of a marketing strategy. He noted that the title for the agenda item is as a grant request and inquired where this request falls under the Commission.

Mr. Geiogamah clarified that the \$200,000 ask was approved by the Commission last month.

Commissioner Grupp asked whether there are any events with the Arizona Indian Festival that would take place at the Museum of the West. Mr. Fox stated that there were no specific events this year, however the Museum did provide materials to visitors regarding the event. He agreed that the Museum should develop programming around the event simultaneous to the Festival. Mr. Geiogamah added that the Department is currently looked at additional activations for the event.

Commissioner Winter shared his recent experience of visiting the museum, which was an amazing experience. He congratulated the Museum and its Board of Trustees for their work.

Commissioner Ashmore thanked Mr. Fox for the presentation and noted that the Museum is making great progress in its marketing efforts. He encouraged the Museum to be thinking more along the lines of what Experience Scottsdale presented in terms of distribution and how to bring visitors to the museum. The research should lead to tangible visitation. Mr. Fox noted that the Museum has been hosting concierges for promotion purposes.

Chair Dillenbeck thanked Mr. Fox for his presentation and commended the Museum for so effectively addressing the Commission's concerns.

9. Staff Reports

- a. Staff Bed Tax Collection Report**
- b. Staff Bed Tax Hotel Classification Report**
- c. Bed Tax Proforma**
- d. Smith Travel Report**
- e. Program Updates**

Mr. Geiogamah stated that with the tax collection transition reporting method, there are still some indications of the transition, particularly with the February Bed Tax portion being a negative 4 percent in comparison to the year prior. This swing is likely due to the collection change early last calendar year. Year-to-date collections are up 8 percent, consistent with what the industry is currently experiencing. Miscellaneous retail tax collections continue to be up substantially at 12 percent. Restaurants are up 8 percent. In regard to proforma, there has been little change. The format has remained consistent.

Chair Dillenbeck asked when the numbers will be updated based on the new percentages. Mr. Geiogamah said this will take place in July. Some estimated changes may begin next month.

In terms of the Smith Travel Report, there continues to be good activity for the month of February. For the Scottsdale tend report (consisting of 59 properties), there was a 3.5 percent increase in occupancy. Average daily rate and REVPAR continue to show 3.5 percent and 6.5 percent increases. For the regional report, one item of note is

Downtown occupancy, which is up nearly 4 percent, related to 17 properties in the Downtown area. Resorts in the north were fairly flat.

Commissioner Ashmore noted that Andaz and Mountain Shadows both opened toward the end of Q1, start of Q2. It takes a one-year cycle before they can begin reporting. He asked the their data be entered when it begins to be reported. Mr. Geiogamah confirmed that staff will do so and added that they are included in the current inventory.

Commissioner Hill commented that the sales tax revenue report takes over a year to reflect the numbers. She does not see the loss ever catching up with the report. Mr. Geiogamah said that in regard to bed tax, Scottsdale is up 8 percent over last year when comparing year to date. The swing appears when looking at the numbers month to month. This continues to be monitored.

There was discussion regarding the State's slowness in collecting funds and transferring them to the City. Ana Lia Johnson commented that one contributing factor relates to instances of delinquency from taxpayers.

Commissioner Ashmore commented on the Smith Travel Report. They have some criteria regarding reporting based on brand participation. With the merger of the Marriott/Starwood piece, staff may wish to check into how the reports may be affected with regard to who is contributing to the reports.

10. Public Comment

There were no comments.

11. Identification of Future Agenda Items

Mr. Geiogamah noted that a few months ago, there was an update on the Little Red Schoolhouse project. Staff is still waiting to hear back on whether the Historical Society will return to the Commission for an update.

There is the potential for the Dia de los Muertos event potentially coming before the Commission next month for funding and/or an update regarding the event.

Chair Dillenbeck noted that the minutes for last month indicated that draft criteria for the districting matching funds will be brought before the Commission in the next month. Ms. Churchard asked that this be placed on the June agenda.

Commissioner Ashmore requested an update on the Cinco de Mario event, for which the Commission granted funding.

Mr. Geiogamah noted that in terms of potential openings on the Commission, the Clerk's Office is scheduling nominations on June 12th. The appointment will occur on June 26th. Chair Dillenbeck's term ends in May, however she may continue to serve through June.

12. Adjournment

The meeting adjourned at 9:45 a.m.

SUBMITTED BY:

eScribers, LLC